

# Removing cost and complexity from government workplace ICT



# Repeatable and affordable ICT to support a modernised workplace

How consolidated procurement, standardised hardware and transparent billing models will help public sector organisations remove cost and complexity from workplace ICT.

## A new way of working

The public sector is on the cusp of a new era. An era that will revolutionise how ICT permeates every facet and function of government.

This revolution is already underway at hospitals, schools, councils and agencies across the country - from doctors using video-conferencing to carry out remote assessments of patients to teachers using collaborative learning solutions to reduce lesson preparation time.

The adoption of these and other new workplace technologies will redefine government processes and service delivery. This in turn will enable public sector employees to work smarter and faster resulting in lower costs and higher service quality.

To tap into these benefits, government organisations and their employees will need access to effective and economical workplace technologies. Unstable and disparate systems, protracted support and procurement processes, inflexible contracts and insufficient security could all undermine the financial and efficiency gains enabled by optimised workplace ICT.

To eliminate such obstacles, public sector organisations need to rethink not only the ICT devices used in the workplace but also how they are procured, financed, supported, refreshed and retired. Public sector organisations could also benefit from the way that private companies have removed such obstacles (see case studies on page 5, 7 and 8).

This need for transformation was recognised earlier this year by the Cabinet Office, which admits “there have been significant failings” when it comes to government ICT<sup>1</sup>. In particular it cites:

- Solutions lack sufficient interoperability
- ‘Off the shelf’ systems are not adapted or reused
- Procurement timescales are far too long and costly.

The recent Government ICT Strategy from the Cabinet Office defines how centralised control, consistent processes, common and open standards, and transparency can address these challenges. To make this vision a reality, the government will need to drive real change – from the datacenter to the desktop.

## Fact file: Computacenter and the public sector

- Strong 30-year track record of working with government organisations and a trusted framework supplier since 1996
- Approved supplier for a number of centralised procurement programmes, including the Government Procurement Service frameworks: Digital Continuity, Commoditised IT Hardware and Software and IT Managed Services, as well as the Value Wales framework
- Dedicated account teams that understand the challenges facing organisations in central and local government, health, education and emergency services sectors
- More than 1,000 public sector customers including National Blood Service, Greater London Authority, Staffordshire Council, East Kent Hospitals University NHS Foundation Trust, HM Prison Service, Ordnance Survey, Highways Agency and Hertford Regional College



### Counting the cost of non-standardisation

Workplace ICT infrastructures in the public sector feature a vast array of devices and applications that have been built up by years of disparate and often conflicting strategies, ad hoc purchases, in-house development efforts and occasional 'maverick' spend.

This complexity is being exacerbated by the demand for greater collaboration and flexible working. This is not only driving investment in new technologies, such as smartphones and video-conferencing, but also blurring the line between 'home' and 'office' computing and communication devices. Consequently the vision for "a common infrastructure underpinned by a set of common standards"<sup>1</sup> requires a step-change.

If not managed correctly, this growing diversity will add both cost and complexity to workplace ICT. A lack of standardisation will also lead to interoperability and integration issues not only within individual organisations but across government as a whole.

A diverse estate of workplace devices also limits the development and prevents the application of consistent security policies and makes it difficult for devices to be reused. In short it stops ICT from being repeatable.

Such repeatability – or standardisation - is fundamental not just for achieving interoperability, it also holds the key for reducing costs both when buying workplace technologies and managing devices throughout their lifetime.

With the public sector boasting the biggest user base in the UK<sup>2</sup>, it has the potential to make massive capital and operational savings by taking advantage of economies of scale.

Yet the public sector often pays more than 20 per cent above the market rate for ICT hardware<sup>3</sup> as it is unable to leverage its full buying power. A fact acknowledged by the Cabinet Office, which states "Government sourcing of ICT has often failed to deliver economies of scale and the most cost-effective use of taxpayers' money."<sup>1</sup> Without standardisation, there can be no economies of scale.

### Fragmented procurement prevents economies of scale

Lack of standardisation is just one factor preventing government organisations from achieving value for money. They are also hampered by:

- Multiple procurement routes, such as frameworks, contracts and OJEU
- Lengthy and costly procurement cycles
- Insufficient transparency within the supplier base.

Although the efforts of the Efficiency and Reform Group will help address these challenges – for example with streamlined procurement processes, standardised specifications and simplified supplier engagements - the government needs to find a way to quickly tap into its colossal buying power so it can make immediate financial gains.

To maximise the potential savings, centralisation and standardisation strategies should not be limited to just procurement. Only 27 per cent of the total cost of ownership for a desktop computer relates to the initial hardware purchase, with deployment, data migration, ICT administration, training, support, software and retirement accounting for the remaining 73 per cent of costs.<sup>4</sup>

## Transforming workplace IT: Supplier rationalisation and consolidation

Customer: Oil and gas company

User base: 70,000 staff in 17 countries

Business need: The company wanted to reduce the time taken to procure new hardware and drive more competitive pricing.

Computacenter solution: Vendor, order and commercial management were centralised with Computacenter. As a result, the customer was able to establish a standard product catalogue, with facility for customised bundles, and rationalise its 1,300 plus suppliers. It was also able to take advantage of additional services, such as device configuration, asset management and 'gold' stock.

Benefit:

- Supplier base reduced by a third in first year, ahead of target
- Reduced supply chain and vendor management costs
- Consistent quality of service and speed of delivery
- More competitive pricing resulting in 10 per cent savings on catalogue products
- Potential to save another 20 per cent through further adoption of proposed portfolio improvements

Device configuration, maintenance, application packaging and inventory management can all be simplified when managed on a volume basis. By minimising the ICT workload, organisations will be able to significantly reduce their ongoing operational expenses.

Although the consideration of entire lifecycle costs is not a new concept, it is often limited to departmental or organisational silos within government. To reduce the total cost of ownership for workplace ICT, the public sector must break free from these traditional barriers, and identify a more cost-effective, less disparate means of approaching both asset procurement and lifecycle management on a wider scale.

Taking an end-to-end and unified approach will not only help unlock financial savings but also address the ongoing strain on internal public sector ICT resources.

### Achieving greater value for money through rationalisation and standardisation

To realise these benefits and its goal of becoming "a single and effective ICT customer which will leverage its considerable buying power to drive down the operating cost of its ICT"<sup>1</sup>, the government needs to begin by rationalising not only the type of workplace devices it buys, but also the way it engages with its supplier base.

This does not necessarily mean standardising on individual suppliers, which could create a monopoly and prevent competitive pricing - a situation the Cabinet Office has warned against in its ICT strategy. Instead, organisations should focus their efforts on standardising procurement routes and supplier terms and conditions that include measureable outcomes. This will help ensure ICT partners are aligned to helping the public sector achieve its cost-saving goals.

As well as streamlining processes, rationalisation at the procurement stage will enable public sector organisations to:

- Eliminate rogue spending by individual departments
- Enforce consistent standards
- Accelerate delivery times for new workplace ICT
- Gain greater visibility of management information, including current and forecasted expenditure.

Most importantly organisations will be able to aggregate their spend to take advantage of vendor volume discounts. These savings can be augmented by coupling this with appropriate standardisation and consolidation across the wider public sector estate.

This added layer of rationalisation will not only enable economies of scale when procuring technology but also removes cost from ICT support by simplifying common tasks, such as imaging, problem resolution and patch management. As a result, ICT support services can be delivered at the same or a higher standard with the same or fewer resources.

### Balancing flexibility with standardisation

To select the right hardware to standardise on, ICT departments need to understand the requirements and demands of the different user communities within the organisation. For example an advisor working in a local council service centre will have very different requirements to a planning officer who needs to visit construction sites.

User requirements are also being influenced by the growing need for anytime, anyplace, anywhere access. A requirement that is certain to spread, as Gartner confirms "consumers are not likely to stop demanding newer, more innovative products and services in the near future and they carry those demands into their working lives."<sup>5</sup> If public sector organisations are unable to meet these





demands, then their ability to attract and retain talented staff will be weakened.

Such demand and diversity within the workplace often leads to public sector ICT departments provisioning devices that are either over or under-specified, which results in unnecessary cost and complexity.

Although hardware standardisation is essential for tapping into the government's sizeable buying power, it's important to still allow flexibility within workplace ICT.

By standardising technology based on common functionality rather than a specific device, organisations will be able to keep pace with the growing 'consumerisation' of ICT and the rise of 'bring your own' devices, where employees bring personal technologies into the working environment to help aid their productivity.

Although still at the early adoption stage, industry analyst Gartner considers "this to be one of the most influential trends in the technology sector, and we have now reached a tipping point."<sup>5</sup> This trend towards consumerisation is not only an issue for the ICT department but the organisation as a whole, as technology will increasingly become a factor in employee recruitment and retention.

To ensure this trend is exploited as an opportunity and does not destabilise standardisation efforts, public sector ICT departments need to ensure they can, where appropriate, facilitate the use of personal devices for use in the workplace. They must, however, ensure that devices are subject to the same connectivity, security, backup and support rules as government-owned hardware.

Given the reduced cost of ownership, productivity gains, and environmental benefits associated with 'bring your

own devices', organisations may choose to offer financial support to staff when they purchase such technologies. Incorporating a virtual desktop infrastructure (VDI) into an organisation's workplace ICT strategy will further simplify the adoption of 'bring your own' by removing data from local devices and facilitating a lower technology requirement at the user access point.

By using VDI in tandem with other personal and government technologies, such as video-conferencing and smartphones, public sector employees will be able to work more flexibly, which, as the Cabinet Office recognises, will "facilitate the rationalisation of the public sector's large and diverse property estate, reduce travel costs and carbon footprint, and have a beneficial impact on productivity"<sup>1</sup>. This will enable the government to make savings in the short and long term and meet the ever-changing needs of ICT users.

### Matching workplace devices to user needs

To realise the full potential of new workplace ICT solutions and strategies, such as VDI and hardware standardisation, public sector organisations need to formally evaluate the needs of their different user communities.

User profiling holds the key to unlocking this information – and should be run in conjunction with human resource departments. By undertaking an appropriate evaluation, public sector organisations will be able to identify the technology standards that will support both user demand and data security requirements.

A user profiling exercise will also establish if it is beneficial to introduce different devices into the workplace, for example tablet computers, thin clients or smartphones, while ensuring appropriate security measures, such as two-factor authentication and anti-virus, are in place.

## Transforming workplace IT: hardware as a service

Customer: Telecommunications provider

User base: 100,000-plus

Business need: Reduce costs and maximise availability of workplace IT by establishing an end-to-end service.

Computacenter solution: A managed hardware-as-a-service offering, which encompassed hardware procurement, application packaging and remote support, based on transparent monthly charges per device. The contract offered guaranteed savings of two per cent year on year and was not linked to any specific vendor, so

Computacenter could source the appropriate technology to offer the best value for the customer.

Benefits:

- The unit price of laptops was reduced by 15 per cent by supplier rationalisation. This contributed to an overall saving of £7 million in first year of the contract
- The SLA for the national repair service improved from 64 per cent to as much as 93 per cent.
- Increased flexibility of workplace IT and established consistent standards

Hardware and user profiling will also help to identify special requirements for employees with disabilities and home workers.

Working with an experienced partner will help accelerate a user profiling programme, which can be time-consuming - and therefore expensive - without the right tools and industrialised processes.

Depending on the results of the user profiling exercise, organisations might be able to take their hardware standardisation efforts a step further and achieve even greater financial savings. Although standardising on a small number of desktop models from a specific vendor will offer greater economies of scale, public sector organisations will still be paying for the build, warranty and brand of the device.

Working direct with component manufacturers to build a non-branded 'white box' could result in savings of up to 35 per cent on the average price of a desktop computer.<sup>6</sup> A further 10 per cent can be saved by avoiding the need for a vendor warranty, which is often superfluous if a maintenance 'swap' service is already in place.

Once again, the involvement of an external partner with in-depth knowledge of ICT workplace devices along with strong manufacturer relationships will be key to ensuring such a strategy is a success.

## Controlling costs with flexible and transparent commercial terms

As well as bringing greater consistency and control to workplace devices, public sector organisations need to review their commercial arrangements from a similar perspective.

Traditionally, the government has bought the majority of its workplace devices outright, which increases capital expenditure. With ICT hardware depreciating in value, this investment is immediately written off.

Leasing equipment is one way of avoiding the capital expense associated with workplace ICT. This means the supplier rather than the customer 'owns' the hardware. Given this symbiotic relationship, it is important that public sector organisations work with a partner that has a proven track record and can demonstrate:

- Solid financials
- Long-term commitment
- Outcome-based approach
- Transparent cost structure
- Breadth and scale.

Some public sector organisations might wish to take the leasing model further by taking advantage of utility billing for workplace ICT devices and associated services. This approach, often referred to as hardware as a service, provides additional flexibility and will help unlock even greater financial savings.

By taking the hardware as a service route, public sector organisations will be able to simplify the transition to other flexible sourcing models, such as private and public clouds, that form part of the government's ICT strategy

By combining flexible and transparent cost models with standardisation and rationalisation strategies, the government will be able to transform how it procures, finances, deploys and supports workplace technologies. As a result, it will be able to make ICT more predictable, affordable and repeatable, which will enable it to achieve its goal of "building a common, flexible ICT infrastructure that will enable the delivery of open, diverse and responsive public services for all".<sup>3</sup>

## Transforming workplace IT: Hardware standardisation and supplier rationalisation

Customer: Financial services group

User base: 130,000 staff in 11 countries

Business need: The group wanted to achieve measurable cost savings through supplier rationalisation.

Computacenter solution: After base-lining current hardware purchase prices across the group's entire distributed environment, Computacenter embarked on a number of initiatives to aggregate spend and deliver process improvements. As well as introducing a common product portfolio for all business lines and subsidiary companies, Computacenter helped to benchmark workplace devices, recommending alternatives that

offered the same performance at a lower price point. This benchmarking was then used to demonstrate significant client savings. Duplicate or unnecessary expenditure, for example on hardware warranties, was also identified and eliminated where appropriate.

Benefit:

- Reduced supplier base – and therefore administration – by 60 per cent
- Decreased operational costs by up to 15 per cent
- The benchmarked shared savings approach enabled product purchase savings in excess of 10 per cent.

## Working with a proven partner to maximise return and minimise risk

As an independent services and solutions provider, Computacenter has been helping organisations consolidate and optimise their workplace ICT for 30 years.

With a portfolio of 60,000-plus products and 1,100 vendor relationships, Computacenter can advise on the best hardware standardisation strategies while still meeting an organisation's unique needs for workplace ICT.

For example, Computacenter's product catalogue encompasses not only standard workplace ICT devices, such as desktops, printers and mobile phones, but also technologies that are specific to government functions, for example two-way radios, patient status at a glance solutions and large-format control room screens.

As well as helping organisations procure these technologies at a competitive price, Computacenter offers a range of associated supply chain and lifecycle services to simplify the management of workplace ICT. These services are already in successful operation within the Public Sector, for example with Hampshire Constabulary as outlined later in this document. From release management and configuration to desktop maintenance, device management and disposal, Computacenter has the skills and services breadth to assist with sourcing, deploying, changing and managing workplace ICT.

To help organisations achieve financial savings and flexibility throughout the workplace ICT lifecycle, Computacenter has developed a utility billing approach for both hardware and associated services, such as maintenance, imaging and refresh.

This 'hardware as a service' model can be scaled up or down depending on changes within the organisation and user base, with devices billed on a pre-determined timeframe, for example per day or per year.

Computacenter has delivered a number of large-scale hardware as a service contracts and, in particular, helped one telecommunications company save £7 million in a single year.

The fees associated with this service are completely transparent, which means no hidden costs and more predictable budgeting. As part of the service, Computacenter works with ICT departments to identify devices that are not only good value for money but also energy efficient and aligned to user needs.

Public sector organisations can also take advantage of Computacenter's gain share scheme. This charging model means that benefits gained through supplier rationalisation and portfolio consolidation are shared both with the customer and Computacenter. Under this scheme, projected savings targets are agreed and applied up front, giving public sector organisations immediate visibility of the savings available.

These and other flexible finance frameworks offered by Computacenter will help the government achieve its goal of "challenging old models of service delivery" and "creating transparent commercial models".<sup>1</sup>

To find out more about how Computacenter can help the public sector achieve its goals for ICT within the workplace, please call 0845 6038 697 or alternatively, email [government@computacenter.com](mailto:government@computacenter.com)

1) Government ICT Strategy, March 2011

2) User base referred to includes all civil service functions, associated & eligible charitable organisations & NGOs, as well as access requirements for general public in Libraries, schools etc.

3) OGC Guidance to departments on buying IT Hardware (2006) – OGC Website, current as at 15/4/2011.

4) The Enterprise PC Lifecycle white paper, Microsoft, 2008

5) Search Analytics Trends: The Inevitable Consumerisation of Corporate IT, Gartner

6) Computacenter research



## Hampshire Constabulary reduces costs with consolidated lifecycle management contract

Hampshire Constabulary's officers rely on technology to support all their policing activities. The force has around 400 physical and virtual servers, 5,400 desktops and 700 laptops. These devices help staff respond quickly to 999 calls and gain access to the force's critical records management system, which stores vital data on criminal incidents.

The force was using a number of different suppliers to procure and manage its hardware estate. Stephen Vercella, Head of IT & Communications Services at Hampshire Constabulary, comments: "In total, we had 12 separate contracts, which were time-consuming for the IT team to manage."

Consolidating this supplier list was an important part of the force's strategy to achieve its 2009 Policing Plan goals. The IT team also wanted to improve IT performance and functionality by providing staff with newer equipment. "We had an ad-hoc hardware refresh policy, which meant that some officers were using dated equipment that required extensive support."

In May 2008, Hampshire Constabulary signed a lifecycle management contract with Computacenter following a competitive tender. The deal covers all aspects of hardware management - from procurement and installation to maintenance and disposal.

Around 1,350 desktops, 100 laptops and 20 servers are procured each year. The devices are pre-configured by Computacenter before being delivered and installed at Hampshire Constabulary's sites. Once installed, Computacenter provides ongoing support via a hardware maintenance service. Around 2,700 calls are dealt with by this service every year.

By working with a single supplier, Hampshire Police has been able to free up internal IT resources. "The IT team now spends less time managing suppliers and can work on more strategic projects," comments Stephen. "Consolidating our IT suppliers has also enabled us to take advantage of more competitive pricing."

### Fact file: what makes Computacenter different?

- Computacenter is completely independent and does not lock customers into a specific vendor or technology, preferring to focus on a 'vendor selective' approach.
- We operate fully transparent charging structures that include guaranteed year-on-year cost savings
- Computacenter works in partnership with internal stakeholders both within ICT and procurement
- We offer a Web-shop and ecommerce service, which enables organisations to create customised bundles to support their rationalisation efforts
- Our services breadth means we can assist at every stage of the lifecycle for workplace ICT – from selection and implementation through to management and disposal
- Our experienced consultants hold ISO27001, CLAS and CISSP qualifications and can help public sector organisations protect their workplace systems – whether they are branded laptops, 'white box' desktops or users' personal smartphones
- Computacenter's Shared Services Factory and industrialised processes capture best practice from previous customer engagements to minimise risk and cost





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Computacenter is a leading independent provider of IT infrastructure services and solutions. From desktop to datacenter, we help our customers minimise the cost and maximise the value of IT to their businesses. We can advise organisations on IT strategy, implement the most appropriate technology, optimise its performance, and manage elements of our customers' infrastructures on their behalf.

Computacenter operates in the UK, Germany, France and the Benelux countries, as well as providing transnational services across the globe.